DOCUMENT RESUME

ED 376 992 RC 019 830

AUTHOR Bailey, George; And Others
TITLE A Consolidation Model for K-12 Consolidation within Missoula County.
PUB DATE Jun 94
NOTE 10p.; Submitted to Governor's Task Force. Presentation at the Annual Rural Education Conference (16th, Dillon, MT, June 22-24, 1994).
PUB TYPE Speeches/Conference Papers (150) -- Reports - Evaluative/Feasibility (142)

EDRS PRICE MF01/PC01 Plus Postage.
DESCRIPTORS *Cost Effectiveness; Economic Factors; *Economic Impact; Elementary Secondary Education; Mergers; Rural Schools; *School District Reorganization; School Districts; *School District Spending; State Aid; State School District Relationship
IDENTIFIERS Guaranteed Tax Base Plan; *Montana (Missoula County); *State Local Relationship

ABSTRACT

This analysis outlines the costs and savings that would accrue if all elementary school districts in Missoula County (Montana) were consolidated or unified with Missoula County High School District for the 1993-94 school year. Following a listing of the 12 K-8 districts to be consolidated and their populations, 6 of the superintendents involved delineate their assumptions about such issues as school closings; administrator, teacher, and staff levels; textbook and lunch services; responsibility for administrative services; health insurance and social security payments; and indebtedness. Dollar costs and savings are projected for school closings, salary changes, basic entitlements and guaranteed tax base contributions by the state, retirement fund payments, changes in personnel and job classifications, health insurance, retirement and social security payments, and other areas. The study concludes that: (1) there would be no savings to local taxpayers in consolidating the school districts of Missoula County except if buildings were closed; (2) if basic entitlements and guaranteed tax base payments are not made by the state, local taxes will rise significantly; (3) there would be no savings in personnel costs at administrative levels; (4) there would be significant cost increases associated with placing personnel of consolidated districts on the salary schedule of the largest district; and (5) there would be no apparent immediate benefits to students. Although the State of Montana might realize a savings of approximately two million dollars through this plan, Missoula County taxpayers would need to absorb the tax burden if present educational opportunities for students were to be maintained. (RAH)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED 376 992

A CONSOLIDATION MODEL FOR K-12 CONSOLIDATION WITHIN MISSOULA COUNTY

(Submitted to Governor's Task Force)

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)
This document has been reproduced as received from the person or organization originating it.
Minor changes have been made to improve reproduction quality.
• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

George Bailey, Superintendent, Target Range
Jacob Block, Superintendent, Missoula S. D. #1
Craig Brewington, Superintendent, Hellgate
John Hebnes, Superintendent, Seeley Lake
Elmer Myers, Superintendent, Lolo
Rachel Vielleux, County Superintendent

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY
Craig Brewington
TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

INTRODUCTION

Missoula Elementary School District No. One is currently in the process of unifying with Missoula County High School, effective July 1, 1994; and it has been proposed that such a consolidation should take place throughout the county, with the exception of the Frenchtown Schools, which currently make up their own K-12 Unified District. The purpose of this paper is to outline the costs and/or savings that would accrue if all elementary school districts in Missoula County were consolidated/unified with Missoula County High School for the 1993-94 school year.

THE MODEL USED

The service patterns currently in existence are as varied as the sizes of the schools involved. District One is organized as a K-5 system, although some students attend K-3 and 4-5 schools. All older students attend 6-8 middle schools. Hellgate Elementary has three buildings on one campus, K-2, 3-5 and a 6-8 middle school. Target Range, Clinton, Seeley Lake, DeSmet, Potomac, Sunset, Woodman, Swan Valley and Bonner have single buildings, K-6 with a junior high for grades 7 & 8. Lolo operates three buildings in a K-4, 5-8 arrangement.

In the interest of simplicity and expediency, it will be assumed that the current educational organizational patterns will remain the same, even though this may create some discrepancies in service to children, or some limitations experienced by some, but not all. To use DeSmet as an example, it is assumed that the educational program for grades 6-8 is currently satisfactory, and we will not argue as to whether or not those children should be bused to Hellgate or District One to increase class offerings to match experiences

RC 019830

BEST COPY AVAILABLE

obtained in the two larger districts. A discussion of this nature would take place if consolidation became a reality.

Because of the increase in population in Missoula County, all schools are currently at capacity and unable to accept additional students resulting from the closure of a neighboring school, except Seeley Lake and Potomac that could absorb the 15 students from Sunset School.

The twelve K-8 districts to be consolidated and their ANB populations are shown below:

	K-5	7-8	K-8
Missoula 1	4,684	1,309	5,993
Hellgate	807	196	1,003
Lolo	495	142	637
Potomac	83	26	109
Bonner	340	93	433
Woodman	48	20	68
DeSmet	108	28	136
Target Range	370	143	513
Sunset	15		15
Clinton	187	61	248
Swan Valley	64	14	78
Seeley Lake	179	50	229
Totals	7,380	2,082	9,462
Missoula High School			3,572
Total			13,034

THE ASSUMPTIONS

1. Sunset School would close. It has 15 students which could be absorbed by busing them to Potomac or Seeley Lake, either of which could absorb the total enrollment. There is no deed to the Sunset School property, thus the school reverts to the ranch owner when it is no longer used as a school.

2. The remaining eleven school **DISTRICTS** would cease to exist, but none of their buildings would close because their student populations could not be absorbed by the nearest school. Some construction presently planned could change this, but the planned development in the area might negate this possibility.

3. Those students in grades 6-8 who attend independent elementary districts will not be bused to larger middle schools because of overcrowding or maximum capacities in the current middle schools. This assumption will create a disparity in educational offerings and will ultimately lead to: (a) an expansion of curriculum offerings, (b) additional construction costs, and/or (c) added transportation costs. For the current model, it is assumed that present course offerings are acceptable to parents and patrons and changes will be postponed to a later date.

4. Present busing arrangements in the immediate area of the City of Missoula will be replaced by the contractor who historically serviced District One, Missoula High School, Target Range, and Bonner. Beach Transportation would add Hellgate, Clinton, Lolo, and DeSmet. It would be likely that the more distant busing arrangements in Potomac, Seeley Lake and Swan Valley could be continued under present contractors.

5. Hot lunch services would be continued as they are currently provided. District One satellites its meals. Hellgate did purchase satellite lunches from District One until it built its own kitchen in an effort to improve the quality of lunches, save money and initiate a breakfast program. Hellgate currently satellites lunches to DeSmet. Target Range and Lolo cook and serve their own lunches for both breakfast and lunch programs at a profit or "break even" margin.

6. The same level of music, health enhancement, librarian and counseling services would be provided to all schools, as required by accreditation standards.

7. Elementary teachers would be placed on the salary schedule of the high school. That was an understood assumption when voters approved the unification of District One with the high school. Individuals currently paid higher than the high school schedule allows would be "frozen" until the high school "caught up" to their salary placement.

8. Special Education and Chapter I services would continue at the same level they are presently provided.

9. Textbook series would be purchased as adopted in the future so that all schools were on the same series. Wholesale purchase of new texts to immediately bring all schools in line with the same series would not take place.

10. Functions such as purchasing, payroll, health insurance, accounts payable, receiving, etc., would be done centrally in Missoula.

11. Existing bonded indebtedness would remain with the district originally incurring the debt.

12. **Superintendencies would cease to exist at District One, Lolo Target Range, Hellgate, Bonner, Clinton and Seeley Lake.**

13. **Current building administrators (principals) of the remaining schools would continue to exist, and in some cases administrators would be added to meet accreditation standards, assume duties currently performed by superintendents or be employed in positions that are educationally sound and/or prudent from a managerial sense.**

14. **The state would fund all schools as one district.**

THE COSTS (SAVINGS)

1. **Sunset School would cease to exist, the land and building reverting to the ranch owner.**

   Savings ..... ($63,651)

2. **Present teaching staff would be placed on the high school salary schedule, or "held harmless" until catching up:**

Seeley Lake	+$49,780
Potomac	+42,829
Woodman	+41,778
Target Range	+76,237
Hellgate	+123,173
Swan Valley	+40,858
DeSmet	+38,617
Lolo	+80,606
Bonner	+39,022
Clinton	+24,175
District One	+500,000
TOTAL COST	+$1,057,075

3. **By treating the new district as one entity, the STATE would save money on Basic Entitlement and Guaranteed Tax Base contributions.**

Basic Entitlements	($1,590,033)
Guaranteed Tax Base	(583,493)
State Savings TOTAL	($2,173,526)

4. HB 22 forces districts to cut the previous budgets by 4.5%, but allows them to gain back 4% of the cut with voter approval. Voted levies were approved in the largest districts by sufficient margins to carry the smallest. $49,231,234 - 0.5% = $246,156

Net Loss to Budgets ..... ($246,156)

When the schools gain back what the state has cut, this results in a shift to the local property taxpayers of Missoula County. $2,173,526 - 246,156 = $1,927,370

Local Cost Increase ..... +$1,927,370
..... Mills Increase by 27

5. The Retirement Fund begins to be calculated at the high school rate, costing the <u>STATE</u>.

County Savings ..... +$67,000

6. At all the elementary districts there is a clerk or combination clerk/secretary. District One and the high school are currently in the process of merging, are currently very "lean" in central office and do not project the loss of any personnel. There is no projection for a savings in such personnel with the unification of the other districts as individuals will need to assume the workload. Some shifting of responsibilities may occur among personnel, but no positions will be eliminated.

7. Districts with buses in operation will continue to provide transportation. Beach Transportation would be the major contractor. Because the elementary buses are currently full, no cost savings are anticipated through inefficiencies. Potomac currently runs a bus that Beach could replace, but the elementary school day would begin at 6:45 a.m. for the bus to pick up elementary students, deliver them to Potomac and be back to Missoula with high school riders for the start of their school day. Hellgate and Target Range buses are at maximum capacities. Lolo has one Special Education bus. Hellgate has a different bus contractor, who has consistently bid lower than Beach. It is assumed that this contract would be increased when Beach provides the bus service.

8. Administratively, it is assumed that new and existing principals would be paid the average of District One, superintendents cease to exist. Question remains if an existing principal can be cut in pay, how a part-time superintendent/principal would be handled.

Hellgate loses one supt. ..... -$62,247
gains one principal $46,000
Seeley Lake loses one supt. ..... -$48,850
gains one principal $46,000

Target Range loses one supt.	-$49,000
gains one principal	$46,000
Lolo loses one supt.	-$51,500
shares principal w/Woodman	
Potomac loses .5 principal	-$17,000
Clinton loses one supt.	-$48,318
gains one principal	$46,000
Woodman keeps a supervising teacher	-0-
shares a part-time principal	-0-
Bonner loses one supt.	-$50,500
gains .5 principal	$23,000
DeSmet loses a .5 principal	-$14,400
Swan Valley maintains status	-0-
Net Savings	($134,815)
Less 1 health insurance policy	($3,000-$3,300)

Current principals on staff remain with no estimate of savings or additional costs, assuming changes would be inconsequential when the "grandfathers" are held harmless.

9. Health insurance is provided in each district, but policies are different. The consolidated school employees would fall under the District One policy ($250 per month per employee), or on the high school policy ($275 per month). Some of the consolidating districts are listed as to whether their employees would cost premium dollars, or save premium dollars.

	$250	$275
Hellgate (101 policies)	$36,360	$66,660
Lolo (60 policies)	($9,850)	$8,150
Target Range (48 policies	($33,336)	($21,336)
Bonner (36 policies)	($13,276)	($12,376)
Seeley Lake (27 policies)	$3,126	$3,801
Clinton (17 policies)	($1,088)	($663)
Total	($18,064)	$44,236

10. Central office professional staff will increase in order to assume the responsibility for additional principals, staff and program changes. It is projected that new hires would be 1 assistant to the Maintenance Supervisor, 1 assistant superintendent and 1 special education supervisor.

3 FTE at $50,000 each	+$150,000
3 additional health insurances	$9,000-$9,900

11. District One assigns 19,000-25,000 square feet per custodian. That would increase custodians at some schools. The average salary of custodians in Missoula is $15,800-$23,000.

Hellgate (additional custodian)	$15,800-$23,000
Lolo (additional custodian)	$15,800-$23,000
Target Range Bonner (additional custodian)	$15,800-$23,000
Total	$47,400-$69,000
Health insurance for 3 new custodians	$9,000-$9,900

12. Add 2 FTE Gifted and Talented to maintain the same ratio of staff to new students as District One.

	+$43,420-$51,120
Health insurance for 2 FTE	$6,000-$6,600

13. District One and Hellgate are the only two districts to have nurses on staff. Hellgate's would be put into service for the outlying districts. Travel costs would increase. (+?)

14. Retirement and Social Security on increased wages amounts to fifteen (15) percent.

15% of $1,057,075 (Teaching Staff)	+$158,561
15% of G/T ($43,420-$51,120)	+$6,513-$7,668
15% of New Administration ($150,000)	+$22,500
15% of Administrators Eliminated ($134,815)	($20,222)
Total	$167,352-$168,507

15. Audit savings initially will be inconsequential; but the third and fourth years could be significant, in the range of 40% to 50%.

16. Trustee liability policies would not be paid on the districts being consolidated.

Hellgate	($3,304)
Bonner	($2,500)
Lolo	($5,279)
Target Range	($4,376)
Total	($15,459)

17. Itinerant personnel travel costs will go up, but the calculations are not determinable until it is decided who travels and how often, if they pool or not. . . (+?)

18. Mail services and central supply would have some additional costs, but for the most part all buildings presently have mail delivery. Itinerant personnel could carry some of the load at no cost. Additional costs should be inconsequential.

19. Missoula County Special Education Cooperative would cease to serve schools in Missoula County, but the dollars flowing to the coop for Missoula schools would flow to the unified district. This should not be an additional cost or savings to Missoula County schools, but could/would change service patterns and personnel for the schools being served in Mineral, Lake and Sanders Counties.

CONCLUSION

It is apparent from the methodology used that there is no savings to local taxpayers in consolidating/unifying the school districts in Missoula County, except when buildings are closed. Quite to the contrary, when the Basic Entitlements and Guaranteed Tax Base payments are not made by the state, but transferred as obligations to the local level, taxes rise significantly.

It is apparent from the methodology used that there is no savings in personnel costs at administrative levels. Central office personnel would have to be increased to assume the additional duties required to manage the additional facilities, personnel and students. This may not be the case in other areas of the state, where there may be adequate numbers of personnel to absorb the workload.

The methodology demonstrates that there are significant cost increases associated with placing personnel of consolidated districts on the salary schedule of the largest district. This phenomenon makes consolidation/unification virtually impossible to manage when budgets are capped and/or decreased.

There is no apparent immediate benefit to students with such a consolidation/unification. It can be argued that the addition of two Gifted and Talented personnel would/could be of benefit to some of the brightest students, but there are services and programs in the consolidating schools that others would argue are just as effective and of as much benefit to the students. There is the possibility that the disparities in course offerings for students in grades 6-8 would be leveled in the not-so-distant future once all students were in the same district, depending on parental demands, the availability of funds and the determination of the public.

It is evident from this study that the State of Montana might realize a savings of approximately two million dollars ($2,000,000); but in order to maintain the present educational opportunities for students, the tax burden would need to be absorbed by the Missoula County taxpayers, if they approved a mill levy.

COSTS VS SAVINGS

	COST	SAVINGS
Closing Sunset School		$63,651
Salary Schedule	$1,057,075	
Basic Entitlement & Guaranteed Tax Base		$2,173,526
Loss to Budgets (HB 22)		$246,156
Increase to local taxpayers	$1,927,370	
Retirement Fund	$67,000	
Administrators		$134,815
Central Office Staff	$150,000	
New Custodians	$47,400-$69,000	
2 FTE G/T Teachers	$43,420-$51,120	
Health Insurance (8 new FTE less 1 supt.)	$24,000-$26,400	$3,000-$3,300
Retirement & Social Security on Increased Wages	$167,352-$168,507	
Trustee Liability Policies		$15,459
Health Policies (dependent on which policy amount is used)	$44,236	$18,064
TOTAL	$3,527,853-$3,560,708	$2,654,671-$2,654,971